

## Blackfinch Adapt AIM Growth Portfolio

# Performance Q2 2021

**GROWTH INVESTOR**  
 2020 AWARDS

**WINNER**  
 BEST BR  
 INVESTMENT  
 MANAGER (LISTED)

Adapt AIM Portfolios are a Discretionary Portfolio Management Service designed with the aim of mitigating Inheritance Tax (IHT) by investing in a portfolio of AIM shares, carefully constructed by our team of specialist investment managers.

Blackfinch act as Discretionary Investment Managers for the service and are assisted by Chelverton Asset Management, the award winning fund managers with proven expertise of investment in AIM and smaller-cap companies. Chelverton act as Investment Advisers to Blackfinch and assist with stock selection, due diligence and portfolio construction.

## Performance\*\*

Total returns only and do not take into account fees. Figures are for illustrative purposes only and are based on model portfolio returns.

Calculated by FactSet

	Q2 2021	Since Portfolio Inception <sup>4</sup>
Adapt AIM Growth Portfolios	<b>8.8%</b>	<b>134.4%</b>
FTSE AIM All-Share Total Return <sup>5</sup>	<b>3.5%</b>	<b>88.7%</b>
<b>Annualised Volatility</b>	3 year	Since Portfolio Inception <sup>4</sup>
Standard Deviation	<b>16.2%</b>	<b>13.6%</b>
FTSE AIM All-Share Total Return Standard Deviation <sup>5</sup>	<b>17.3%</b>	<b>14.2%</b>
Sharpe Ratio	<b>0.76</b>	<b>1.32</b>
FTSE AIM All-Share - Total Return Sharpe Ratio <sup>5</sup>	<b>0.32</b>	<b>0.91</b>
<b>Forward P/E Ratio<sup>6</sup></b>	<b>24.2</b>	

## About

Launch Date	<b>June 2016</b>
Product Type	<b>Discretionary</b>
Minimum Investment	<b>£15,000</b>

## Charges<sup>1</sup>

Initial Fee	<b>0%</b>
Management Fee	<b>1.5% + VAT</b>
Dividend Yield <sup>2</sup>	<b>1.0%*</b>

## Key Features

Simple tax planning strategy targeting IHT exemption after 2 years

Eligible for an ISA; combining the tax benefits of an ISA with targeted IHT relief

Access to the experienced and acclaimed fund management team at Chelverton

Access to capital at all times (subject to market liquidity)

Focus on delivering capital growth

Low minimum investment amount offering IHT relief to a wider audience of investors

## Available Platforms<sup>3</sup>



<sup>1</sup>See rate card for full details of current fees

<sup>2</sup>Based on quarter end values and model portfolio weightings. Calculated by FactSet

<sup>3</sup>Fee structure may vary according to choice of platform  
<sup>4</sup>24/06/2016

<sup>5</sup>Source: FTSE Russell via FactSet.

<sup>6</sup>Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

## Portfolio Commentary

Q2 saw a positive results season finishing as it started, with companies reporting at or above market estimates, and this earnings momentum carried through to Q1 and Annual General Meeting (AGM) updates. Despite this, companies continue to temper expectations for the year ahead. This caution is driven by the unpredictability of the ongoing pandemic, as well as some more specific concerns around raw materials. The domestic economy continues to recover strongly, supported by a gradual reopening aided by an effective vaccine roll-out. In the short-term, we expect markets to be quiet over the summer months, with the longer-term outlook dependent on whether higher levels of inflation we are currently seeing are temporary or more structural, and how central banks react.

The portfolio continued its strong start to the year, with particular outperformance seen with stocks in the Industrials sector, all achieving double digit total returns for Q2. We expect companies to continue to seek growth both organically and by bolt-on acquisitions.

For the second quarter of 2021, the Growth Portfolio performance was underpinned by positive gains from Tracsis (+39.4%) and DotDigital (+37.8%), whilst Clinigen (-22.4%) and IQE (-22.4%) detracted from performance.

Clinigen issued a profit warning in June, highlighting the negative impact COVID-19 is having on hospital-based oncology treatments and delays to clinical trials. This has particularly impacted its Proleukin product, which it expects will continue to experience reduced demand in the short term.

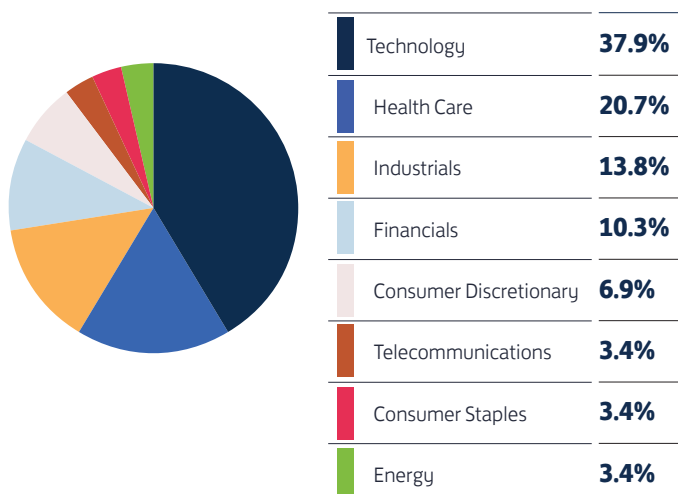
IQE was also weak during the period, which was a continuation of what we saw in Q1, where the shares sold off on reduced expectations for H1 2021. Also, one of its major customers announced it expected the 3D sensing laser market to decline by 20-25% to June 2022, which limits the potential for IQE to return to growth in the second half of this year.

Tracsis released well received interim results. While some areas of its business were affected by the pandemic (particularly Event Traffic Management in the absence of large events such as Glastonbury), it saw good growth in Rail Technology and Services as it deployed a number of major rail contracts, with a strong pipeline and continued progress on fully integrating the business.

DotDigital's shares continued to perform well, despite no newsflow in Q2, as they have since the company reported organic revenue growth of 22% in February's interim results.

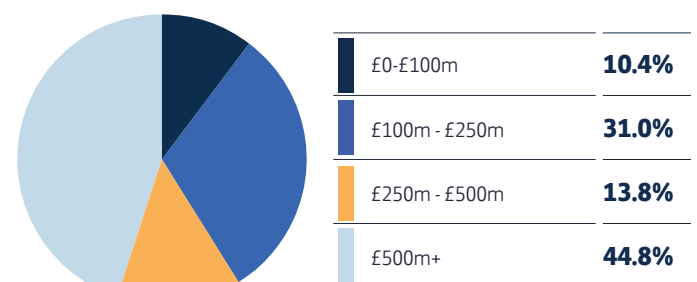
## Exposure by Industry<sup>1</sup>

Percentage may not total 100% due to rounding



## Exposures by Market Capitalisation (£m)

The Growth Portfolio currently contains 29 equally weighted stocks with an average market capitalisation of £498.6 million.



<sup>1</sup>Source: FTSE Russell via FactSet

## Performance\*\*

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	Quarter <sup>4</sup>	YTD <sup>4</sup>	2 Year <sup>4</sup>	3 Year <sup>4</sup>	5 Year <sup>4</sup>	Since Inception <sup>1,4</sup>	Calendar Year			
							2020	2019	2018	2017
Adapt AIM Growth Portfolio <sup>2</sup>	<b>8.8%</b>	<b>16.2%</b>	<b>49.1%</b>	<b>43.5%</b>	<b>132.9%</b>	<b>134.4%</b>	<b>10.9%</b>	<b>28.5%</b>	<b>-12.2%</b>	<b>30.1%</b>
FTSE AIM All-Share - Total Return <sup>3</sup>	<b>3.5%</b>	<b>8.3%</b>	<b>38.8%</b>	<b>19.3%</b>	<b>86.1%</b>	<b>88.7%</b>	<b>21.7%</b>	<b>13.3%</b>	<b>-17.1%</b>	<b>26.0%</b>

### Discrete Yearly Performance to Quarter End

	01/07/2020 30/06/2021	01/07/2019 30/06/2020	01/07/2018 30/06/2019	01/07/2017 30/06/2018	01/07/2016 30/06/2017
Adapt AIM Growth Portfolio <sup>2</sup>	<b>49.1%</b>	<b>0.9%</b>	<b>-4.6%</b>	<b>15.7%</b>	<b>40.3%</b>
FTSE AIM All-Share - Total Return <sup>3</sup>	<b>42.6%</b>	<b>-2.6%</b>	<b>-13.9%</b>	<b>13.5%</b>	<b>37.5%</b>

Past performance cannot be taken as a guarantee of future performance. Please read the disclaimer at the end of this page.

### Performance since Launch



### IMPORTANT INFORMATION

**Capital At Risk.** This performance sheet is being issued by Blackfinch Investments Limited (Blackfinch), which is authorised and regulated by the Financial Conduct Authority (FCA number 153860). Registered address: 1350–1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered in England and Wales Company Number 02705948.

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\*Dividend yield reflects dividends received over a trailing 12 month period using end of period portfolio value.

\*\*Total returns are used in order to give a clearer representation of the actual returns achieved, combining both the capital returns with income received from dividends.

FactSet calculate returns by compounding daily returns.

## Blackfinch Adapt AIM Income Portfolio

# Performance Q2 2021

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 2020 AWARDS

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## Performance\*\*

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Calculated by FactSet

	Q2 2021	Since Portfolio Inception <sup>4</sup>
Adapt AIM Income Portfolios	<b>9.6%</b>	<b>103.5%</b>
FTSE AIM All-Share Total Return <sup>5</sup>	<b>3.5%</b>	<b>83.3%</b>
<b>Annualised Volatility</b>	3 year	Since Portfolio Inception <sup>4</sup>
Standard Deviation	<b>16.7%</b>	<b>13.9%</b>
FTSE AIM All-Share Total Return Standard Deviation <sup>5</sup>	<b>17.3%</b>	<b>14.1%</b>
Sharpe Ratio	<b>0.65</b>	<b>1.07</b>
FTSE AIM All-Share - Total Return Sharpe Ratio <sup>5</sup>	<b>0.32</b>	<b>0.88</b>
<b>Forward P/E Ratio<sup>6</sup></b>	<b>16.0</b>	

## About

Launch Date	<b>July 2016</b>
Product Type	<b>Discretionary</b>
Minimum Investment	<b>£15,000</b>

## Charges<sup>1</sup>

Initial Fee	<b>0%</b>
Management Fee	<b>1.5% + VAT</b>
Dividend Yield <sup>2</sup>	<b>2.1%*</b>

## Key Features

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Access to capital at all times (subject to market liquidity)

Focus on dividend yield with prospects for capital growth

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## Available Platforms<sup>3</sup>



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<sup>4</sup>15/07/2016

<sup>5</sup>Source: FTSE Russell via FactSet.

<sup>6</sup>Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

## Portfolio Commentary

Q2 saw a positive results season finishing as it started, with companies reporting at or above market estimates, and this earnings momentum carried through to Q1 and Annual General Meeting (AGM) updates. Despite this, companies continue to temper expectations for the year ahead. This caution is driven by the unpredictability of the ongoing pandemic, as well as some more specific concerns around raw materials. The domestic economy continues to recover strongly, supported by a gradual reopening aided by an effective vaccine roll-out. In the short-term, we expect markets to be quiet over the summer months, with the longer-term outlook dependent on whether higher levels of inflation we are currently seeing are temporary or more structural, and how central banks react.

The portfolio continued to benefit from momentum seen in Q1, with most holdings outperforming the FTSE AIM All-Share in terms of total return for Q2 2021. Looking ahead, we remain positive about the portfolio's dividend yield direction, as market conditions become more favourable.

For the second quarter of 2021, the Income Portfolio performance was underpinned by positive gains from Flowtech Fluidpower (+31.4%) and Portmeirion (+28.4%), whilst Appreciate (-11.0%) and NWF (-3.2%) detracted from performance.

Appreciate announced final results and highlighted the continuing impact of the pandemic on customer buying and spending patterns, and the impact restrictions have had on the ability of its agents to sell new Christmas savings plans. The Board recommended reinstating a final dividend of 0.6p.

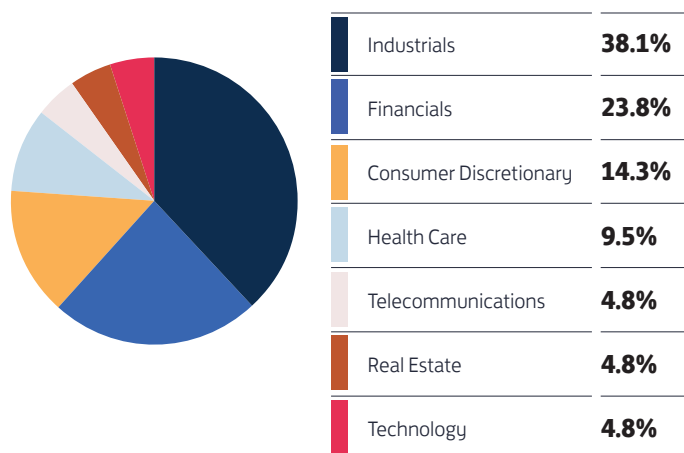
NWF, after a strong share price performance in Q1, gave up some of these gains in Q2, despite a trading update for its year-ended 31 May highlighting that profitability had been ahead of expectations set before the pandemic. The company also announced the Fuels division are actively looking for acquisition targets.

Flowtech Fluidpower bounced back in Q2 after a tough 2020, which saw revenue down 15.4% and earnings before interest, taxes, depreciation and amortisation (EBITDA) down 68.0%. It saw encouraging trading in Q1, with revenue and margin slightly above expectations. Moreover, despite depressed revenues, the company made progress on its operational restructuring programme, reducing the number of operational sites by five.

Portmeirion made a strong start to 2021 with sales for the first four months up more than 50% on 2020, and slightly ahead of 2019 on a like-for-like basis. A good pipeline of new products are due to launch, as well as continued investment in the firms digital infrastructure, which should support its seasonally more important H2.

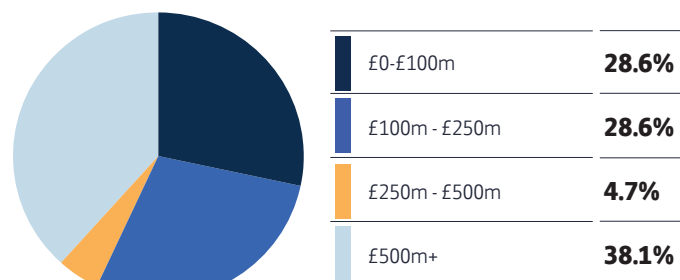
## Exposure by Industry<sup>1</sup>

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## Exposures by Market Capitalisation (£m)

The Income Portfolio currently contains 21 equally weighted stocks with an average market capitalisation of £332.2 million.



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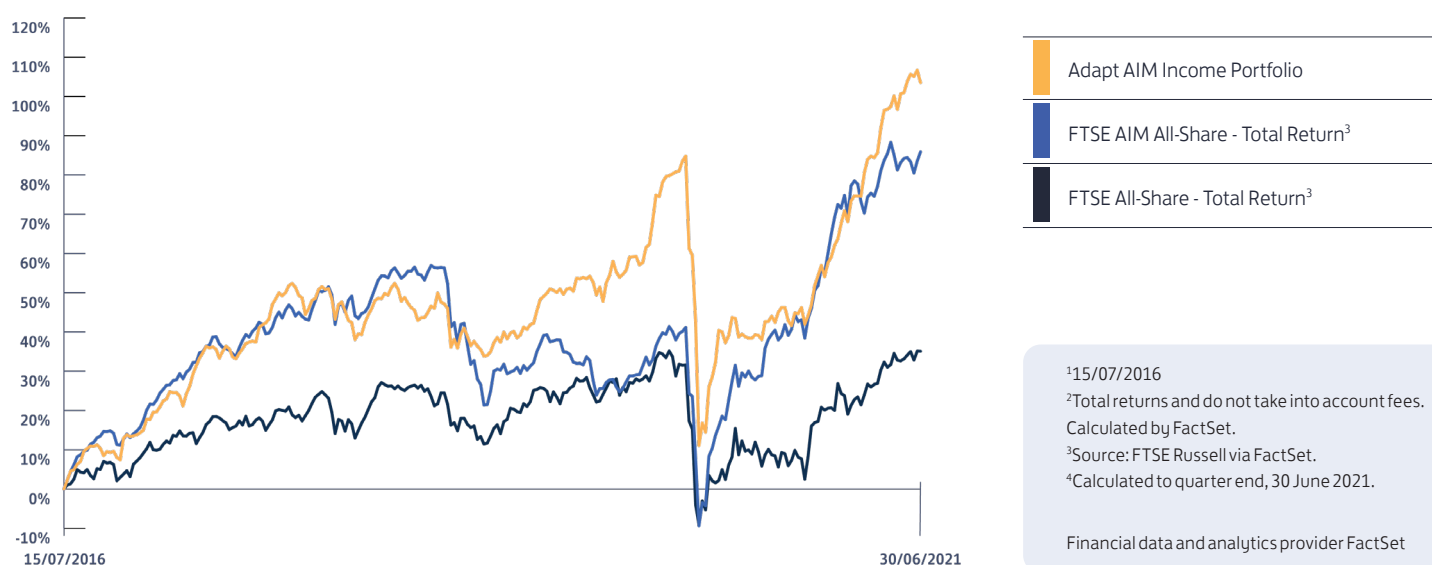
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FTSE AIM All-Share - Total Return <sup>3</sup>	<b>3.5%</b>	<b>8.3%</b>	<b>38.8%</b>	<b>19.3%</b>	<b>83.3%</b>	<b>21.7%</b>	<b>13.3%</b>	<b>-17.1%</b>	<b>26.0%</b>

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Adapt AIM Income Portfolio <sup>2</sup>	<b>48.3%</b>	<b>-9.2%</b>	<b>1.7%</b>	<b>8.9%</b>
FTSE AIM All-Share - Total Return <sup>3</sup>	<b>42.6%</b>	<b>-2.6%</b>	<b>-13.9%</b>	<b>13.5%</b>

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